

Message Text

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ORIGIN STR-02

INFO OCT-01 SS-14 ISO-00 EUR-08 EB-04 CIAE-00 NSAE-00
DODE-00 IO-06 DOE-01 SOE-01 INR-05 L-01 NSC-05
OMB-01 SP-02 TRSE-00 STRE-00 /051 R

DRAFTED BY STR:JSTARKEY:GD

APPROVED BY STR:AWOLFF

USDA:DHATHAWAY

STATE:JKATZ (EB)

STATE:ECASEY (RPE)

-----072410 010537Z /17

P 010204Z APR 78

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS PRIORITY

INFO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 083883

LIMDIS, USEEC, USMTN

E.O. 11652: GDS

TAGS: ETRD, MTN

SUBJECT: MULTILATERAL TRADE NEGOTIATIONS

1. PLEASE DELIVER AT YOUR EARLIEST CONVENIENCE, THE
FOLLOWING LETTER FROM AMBASSADOR STRAUSS TO EC VICE PRESI-
DENT FINN GUNDELACH.

BEGIN TEXT

A. DEAR FINN

B. I AM PLEASED THAT OUR COLLEAGUES' MEETING IN EVIAN MADE
PROGRESS TOWARD MUTUAL UNDERSTANDING AND ACCOMMODATION,
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EVEN THOUGH MAJOR DIFFERENCES STILL REMAIN. I HOPE THAT
YOU AND I CAN NARROW THOSE DIFFERENCES STILL FURTHER ON
APRIL 7TH. IN THAT REGARD, I THINK IT WILL BE USEFUL TO
SHARE WITH YOU MY ASSESSMENT OF WHERE WE NOW STAND.

C. WHEN WE MET ON MARCH 9TH IN WASHINGTON, IT WAS AGREED
THAT MEANINGFUL PROGRESS ON AGRICULTURE WAS ESSENTIAL TO

THE SUCCESSFUL CONCLUSION OF THE MTN. BOTH SIDES HAD CERTAIN POLITICAL IMPERATIVES WHICH HAD TO BE TAKEN INTO ACCOUNT IN THE FINAL AGRICULTURAL PACKAGE. WITH RESPECT TO

GRAINS, YOU CLEARLY STATED THAT THE COMMUNITY NEEDED ARRANGEMENTS WHICH WOULD PROVIDE FOR IMPROVED PRICE STABILITY. I INDICATED THAT IMPROVED ACCESS TO THE EC COARSE GRAIN MARKET WAS EQUALLY FUNDAMENTAL TO THE U.S.

D. THE EVIAN MEETING PROVIDED AN OPPORTUNITY FOR AN IN-DEPTH DISCUSSION OF BOTH OUR AND YOUR OBJECTIVES WITH RESPECT TO GRAINS AND MEASURES WHICH MIGHT BE USED TO ACHIEVE THEM. HOWEVER, PROGRESS APPEARS TO HAVE BEEN UNEVEN.

E. WITH RESPECT TO THE ISSUES OF PRIMARY INTEREST TO THE COMMUNITY, THERE WAS A GOOD TECHNICAL DISCUSSION OF MEASURES WHICH COULD LEAD TO GREATER STABILITY IN COARSE GRAIN MARKETS, INCLUDING THE IMPACT OF STOCKS AND UTILIZATION ADJUSTMENTS. OUR RESPECTIVE IDEAS REGARDING STOCK SIZE AND THE DEGREE OF STABILITY WHICH MIGHT BE ACHIEVABLE ARE ALSO CLEARER, AS IS THE INTER-ACTION OF ANY AGREEMENT WITH U.S. AND COMMUNITY DOMESTIC PROGRAMS. IN ADDITION, GREATER UNDERSTANDING WAS REACHED REGARDING THE WORKINGS OF A PRICE MECHANISM IN A WHEAT AGREEMENT.

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F. UNFORTUNATELY, THE DISCUSSIONS LAST WEEK DID NOT IDENTIFY ANY MEANS OF PROVIDING ASSURANCE OF MEANINGFUL ACCESS TO THE COMMUNITY'S MARKET FOR COARSE GRAINS. YOUR COLLEAGUES REJECTED THE POSSIBILITY OF ANY COMMITMENT BY THE COMMUNITY TO INCREASED MARKET ACCESS THROUGH A MODIFICATION OF BORDER MEASURES. IT WAS ALSO CLEAR FROM THE DISCUSSIONS THAT AN EC STOCKHOLDING OBLIGATION WOULD NOT GIVE THE U.S. ANY INCREASED ACCESS ON A CONTINUING BASIS. WHILE SOME LIMITED BENEFITS MIGHT ACCRUE TO THE UNITED STATES FROM THE COMMISSION'S PROPOSED REDUCTION OF THE INTERVENTION PRICE FOR BEEF AND THE PAYMENT OF PREMIUMS TO PRODUCERS, IT WAS NOT CLEAR WHETHER NEGOTIATED COMMITMENTS IN THE AREA OF INTERNAL PRICES/SUBSIDIES DESIGNED TO INCREASE GRAIN UTILIZATION WOULD BE POSSIBLE.

G. I BELIEVE THAT A GOOD START WAS MADE IN EVIAN AND UNDERSTAND THAT A FOLLOW-UP MEETING IS SCHEDULED APRIL 18-19. HOWEVER, IF WE ARE TO MAKE BALANCED PROGRESS IN THIS AREA, I SUGGEST THAT YOU AND I SHOULD FOCUS OUR ATTENTION ON APRIL 7 ON THE QUESTION OF ACCESS OR OTHER MEASURES DESIGNED TO INCREASE GRAIN UTILIZATION IN THE COMMUNITY IN ORDER TO PROVIDE DIRECTION FOR SUBSEQUENT

WORK BY OUR COLLEAGUES.

H. I LOOK FORWARD TO SEEING YOU IN COPENHAGEN.

SINCERELY YOURS,

(SIGN BOB)

ROBERT S. STRAUSS

END TEXT. COOPER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, TEXT, NEGOTIATIONS, PUBLIC CORRESPONDENCE
Control Number: n/a
Copy: SINGLE
Draft Date: 01 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE083883
Document Source: CORE
Document Unique ID: 00
Drafter: JSTARKEY:GD
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780141-0724
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197804103/aaaadjsb.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c76635a6-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2825727
Secure: OPEN
Status: NATIVE
Subject: MULTILATERAL TRADE NEGOTIATIONS
TAGS: ETRD, MTN, (STRAUSS, ROBERT), (GUNDELACH, FINN)
To: BRUSSELS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c76635a6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014